

**JOHN B. LARSON**

FIRST DISTRICT, CONNECTICUT

**HOUSE DEMOCRATIC CAUCUS**

VICE CHAIR

**COMMITTEE ON WAYS AND MEANS**

SUBCOMMITTEE ON TRADE

SUBCOMMITTEE ON SELECT REVENUE MEASURES

**DEMOCRATIC STEERING COMMITTEE**



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January 14, 2008

Linda Stiff  
Acting Commissioner, Internal Revenue Service  
1111 Constitution Avenue, NW  
Washington, DC 20224

Dear Acting Commissioner Stiff:

As I am sure you are aware, President Bush recently signed the Mortgage Debt Forgiveness Act into law, PL 110-148. This law contains a provision that is very important to volunteer first responders across the nation and particularly in our state of Connecticut and we were all original sponsors of this provision in Congress.

This provision in PL 110-148, Section 5, makes property tax abatements and other relief from state and local taxes provided to volunteer first responders in exchange for their service exempt from federal taxation. It also makes other qualified benefits tax free.

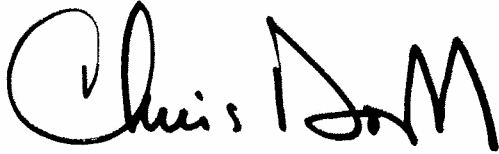
The legislative intent for Section 5 is set forth in the report language for HR 3997, Ways and Means Committee Report Number 110-426. We would add that the intent of this legislation is not only to increase the value of the benefit that states and municipalities provide by making it tax free, but importantly, to relieve these localities and their volunteers of the administrative burden that comes with filling out tax forms.

Although the legislation is effective for tax years after December 31, 2007, we would respectfully request that the Internal Revenue Service provide guidance on this law as soon as possible. We have already received requests from many constituents and local government officials for guidance. Many are unsure whether to provide W2 or 1099 forms to their volunteers.

The earlier we can offer them guidance, the more we can do to ease the administrative burden that they face and ensure compliance with this provision of the law. Again, it was our intent to relieve local governments and volunteers of this administrative burden.

Thank you for your attention to this matter.

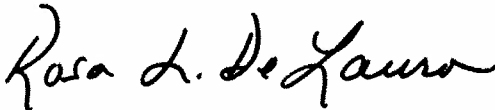
Sincerely,



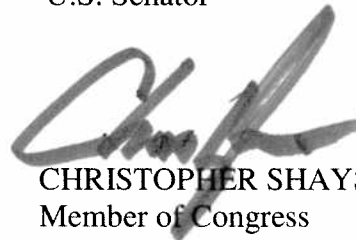
CHRISTOPHER DODD  
U.S. Senator



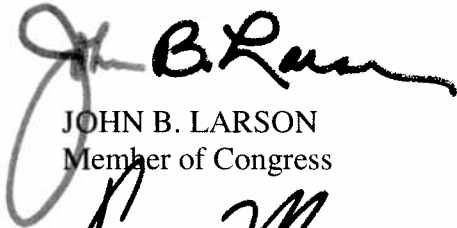
JOSEPH LIEBERMAN  
U.S. Senator



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Member of Congress



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Member of Congress



JOHN B. LARSON  
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JOE COURTNEY  
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